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Its great to be here.

I want to thank you the Asia Centre, the Fairbank Centre and Reischauer Institution for having me here today.

And, very special thanks to Prof Sugata Bose for Chairing this Session. His knowledge is far deeper than mine will ever be. Honours me.

Its great to be back at Harvard. A few years ago, I spend a couple of weeks here. Most enjoyable and useful.

My remarks are divided in to 4 parts.

First, India

Second, India and China

Third, India and Japan

Finally, thoughts about Asia but especially (India, China and Japan in Asia)

Bullet Points Approach – Images. To be short. Happy to discuss – respond to Qs/comments.

First, India. Every challenge in the world.

- a. 1947-1991. A closed Economy. Isolated. Protected. Govt. Micromanaged everything, Mistrust Based System. State intervention at its peak. Rate of growth 3% average. Development and growth very slow. 200 years of British Rule and Poor Performance. 40 years. 4 Decades. Low self-esteem and self-confidence.
- b. 1991-2016 Deregulation. Liberalization. Opening Economy. State steps back. Private Sector centrality. Explosion of Entrepreneurship/Innovation. Comfort with Global/Competition. Past to Present. Achived 7%-9% GDP.

1947-2016 Politics. British Soviet Bureaucracy. Track Record. Poor Governance Policies. Poor Management. India below potential. In the world.

54 years of Governance under Congress Party. Out of 69 years!.

Single Dominant Party.

To multiple Regional Parties.

BJP (Right wing Party) no Dominant at Fed. Level.

Next General Election: mid 2019 (less than 3 years)

Modi –Economy-Foreign Policy-Climate/Clear Energy. Social?

Let me turn to India and China:

- a. History of Trust Deficit after (1962 “Invasion”/N. East)
Pre -62: Hindi/Chini Bhai Bhai0.
- b. Current issue. Friction Points:
 1. The Border (continues)
 2. India Joining NSG.
 3. UNSC: India Permanent Member. Blocked.
 4. Pakistan – China Support.
 5. UN sanction of (Pak) Terror Leader. Organisation blocked.
 6. Trade surplus/Huge.
 7. Market Access for IT/Pharma, (long delays Processes) Rice etc.
- c. Focus on Engagement – Dialogue.
Several Summits (but Modi/Xi Chemistry???) (2014-2016).

d. Priority for Economic Relations.

- Bilateral trade \$60 billion (\$50Bn and surplus).
- Investments? 1 way? 2 way?
- Special GoI effort to facilitate Investments in India by China.

China Companies investing in India. Relative to past significant. Size of Indian market.

- Telecom.
- Funds (\$200 million)
- P.E.
- Pharma
- Internet Sector
- Real Estate.
- Healthcare.
 - Alibaba (Paytm)
 - TenCent Holdings.
 - Baidu Inc.
 - Fosun Group
 - Indus . Park.

Indian and Chinese Strategy:

- Keep talking/Engaging.
- Keep Balance.
- Keep Deepening Business Ties.

Can the Economic links help to address other Bilateral issues??

India-Japan

Decades of “Distrust” and “Discomfort” ≠ Distrust.

- Gradual drawing closer from 2006 (10 years).
- Top Down Initiative.
- Current Cooperation Diverse: Civil Nuclear energy. High speed rail, defence and defence equipment/technology; trade (15bn), S&T, Investment; Disaster relief, Infra/DMIC. Counter Terrorism (Buddhist Circuit).
- 3 Trillion Yen MFG MII special finance facility.
- Largest AID giver/Donor.
- Unprecedented Collaboration effort.

Bilateral Relations transformed after Decades of Caution. New Momentum.

Especiallly 2014-2016. Modi/Abe (Great Chemistry)

China key Driver???

USA Key Driver v/v

- 1200+ Japanese companies in India
- \$35 Bn investment in 5 years.
- 4th largest Investment in India.
- Japanese Hotels. Food.
- Maruti. Suzuki cars. 60%.

Some issues:

- A. India, China, Japan = Asian but very different in cultures, food, practices, customs, histories, attitudes. Different people.
- B. P to P Contacts between India and China and India and Japan. Very limited.
- C. Therefore distance and difficulty in communications and understanding and relationships. Isot decades.
- D. Mutual will and effort required to connect/be close.

A part from G To G.

Track II:

- ASG 2001
- ICSD 2008/09- CRF (CCP)
- IJSD 2006 – JIIA.

Sustained effort to discuss everything – frankly – build shared understanding. – slow process – progress = J/I > C/I.

Conclude with a Thought. Not New.

21st Century – Asia's Century? 2 Options. Not Original.

Only If:

- Create/market/Integrated economy.
- No tariffs – no restrictions on investment. No political pricing.
- No visas – free Travel.
- Multiple flights/low cost.
- 1 million tourists exchange. (near 1 million Indians/Singapore p.a.)
- Universities cooperation network/study and Research.
- Learn each other languages. 50 Universities.

Management Issue.

- A. Create Asia SC/UN > E Asia Summit. UNSC for Asia, (Including ASEAN. S. Asia).
- B. Add to/AIBB/BRICS Bank/Credit Rating Agency. New Institutions.
- C. India/China Trade → \$200 Billion. Conservative.
India/Japan Trade - \$ 100 Billion.

The 3 Key Nations of Asia and ASEAN/S. Asia Together.

- D. Multiple collaboration initiatives (some example):
 - Future of Jobs/Skills
 - Tech/Innovation/Robotics.
 - Tourism and Culture.
 - Education.
 - Food and Agri.
 - Trade and Innovation.
 - Energy and Water.
 - Sports
- E. Trust Building Agenda for Action in Asia.
- F. One Imperative. Nationalism. Lower Security Temp. China.

Take Leadership.

Thank you.